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U.S. HOUSE OF REPRESENTATIVES
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U.S. House of Representatives
Committee on Transportation and Infrastructure

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Don Young
Chairman

Washington, DC 20515

James L. Oberstar
Ranking Democratic Member

May 4, 2004

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Docket Management Facility
U.S. Department of Transportation
Room PL-401
400 Seventh Street, SW
Washington, D.C. 20590-0001

RE: USCG Docket No. Docket USCG-2003-14472; Docket MARAD-2003-15171-20

Dear Ladies and Gentlemen:


I am writing you in regard to the Coast Guard's recent proposal to restrict time charters of foreign lease-financed vessels.

The Coast Guard's proposal was issued in connection with its final rule on coastwise foreign lease financing of vessels. That final rule implemented section 1113(d) of the Coast Guard Authorization Act of 1996 (codified as 46 USC 12106(e)). The overall purpose of section 1113(d) was to eliminate technical impediments to foreign financing for vessels operating in the domestic trades and to foster increased investment in such vessels.

The 1996 provision has resulted in a contract for the largest current commercial vessel construction project in the United States. The contract is valued at roughly \$1 billion for the construction of four double-hulled Alaska Class tankers at San Diego's NASSCO shipyard. The U.S. Coast Guard and the Maritime Administration have already approved the agreement under which these vessels will operate. Unfortunately, the proposed rule does not take into account such already approved arrangements. Therefore, I am concerned that the proposal to restrict time charters will keep this and similar projects from moving forward.

I understand that the Coast Guard is focused on ensuring that U.S. citizens have operational control of Jones Act vessels and support that goal. I trust, however, that such focus will not frustrate the purpose of section 1113(d) or undermine legitimate self-financing transactions.

Sincerely,


DON YOUNG
Chairman